

FISCAL NOTE

Bill #: HB0178

Title: Revise funding of educational services in residential treatment centers

Primary Sponsor: Stanley Fisher

Status: As Introduced

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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Fiscal Summary

	<u>FY2002 Difference</u>	<u>FY2003 Difference</u>
Expenditures:		
General Fund	\$418,403	\$890,563
Net Impact on General Fund Balance:	(\$418,403)	(\$890,563)

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
X		Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget	X		Significant Long-Term Impacts
	X	Dedicated Revenue Form Attached	X		Family Impact Form Attached

Fiscal Analysis

ASSUMPTIONS:

Office of Public Instruction

1. The bed capacity of Swan Youth Academy is 48 beds and the facility will operate at full capacity. All students attending Swan will be eligible for funding under HB 178.
2. Twenty students attending Brown School in Deer Lodge will be eligible for funding under this bill.
3. Aspen Youth Alternatives will terminate its sole contract with Department of Corrections in FY 2003. Aspen will obtain necessary licensure to receive funding under this bill by FY 2003. Aspen will fill its bed capacity of 40 with students that qualify for payment under this bill.
4. In FY 2002, 68 students and in FY 2003, 108 students will be funded under this bill.
5. No other private programs will redesign their services and obtain licensure that would qualify them for funding under this bill.
6. The daily rate of \$52 per day for education currently being paid to residential facilities under current law would not increase in the next biennium.
7. Students attending the programs would receive 227 days of instruction consistent with current contracts with residential facilities.

(Continued)

8. Payments for these programs will be $(227 \times \$52 \times 68 =)$ \$802,672 in FY2002 and $(227 \times \$52 \times 108 =)$ \$1,274,832 in FY2003.
9. None of the programs would meet criteria for the Health Care Finance Administration (HCFA) as a medically based residential treatment facility for children with emotional disturbance.
10. No new FTE will be necessary in accounting to track payments made under provisions of this bill.
11. Department of Corrections and DPHHS will not see a reduction in their costs.
12. Appropriations currently being distributed to public schools for purposes of day treatment under the provisions of language in HB 2 will instead be used to make payment to residential treatment centers. In FY 1996 through FY 99, an average of \$384,269 was provided annually to public schools to meet the needs of children with significant behavioral problems. The fiscal impact on the state's general fund does not include this loss of revenue to local public schools. The estimated net impact in FY 2002 is \$418,403. $(\$802,672 \text{ minus } \$384,269 \text{ equals } \$418,403.)$ Estimated total impact in FY 2003 is \$890,563 $(\$1,274,832 \text{ minus } \$384,269 \text{ equals } \$890,563.)$
13. The HB2 line item appropriation for "in-state treatment" would be increased by the net amount calculated in #12.

Department of Corrections

14. The current Swan Valley rate the Department of Corrections pays for youth placed in the facility does not include a component for education. Passage of this bill would not impact the daily rate that Swan Valley would charge the Department.

FISCAL IMPACT:

	<u>FY2002</u> <u>Difference</u>	<u>FY2003</u> <u>Difference</u>
<u>Expenditures:</u>		
Transfers	\$418,403	\$890,563
<u>Funding:</u>		
General Fund (01)	\$418,403	\$890,563
<u>Net Impact to Fund Balance (Revenue minus Expenditure):</u>		
General Fund (01)	(\$418,403)	(\$890,563)

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

In FY 96 through FY 99, an average of \$384,269 was made available to public schools for purposes of day treatment. These funds were used to help schools meet the needs of children with significant behavioral problems. Language in HB 2 permitted any appropriations in the line item for residential treatment, that were in excess of educational costs for residential care, to be used to assist schools in providing day treatment services for children with significant behavioral problems. It is expected that this revenue source will no longer be available as a result of HB 178.

LONG-RANGE IMPACTS:

There is a significant potential that other programs could redesign themselves to qualify for funding under the provisions of this bill. Private, licensed and unlicensed residential and group home programs in Montana are numerous. There is the possibility that additional programs may make efforts to follow this funding stream.

TECHNICAL NOTES:

1. If provisions of HB 146 (Juvenile Delinquency Prevention) are adopted, and Judicial Districts independently contract (instead of using the Department of Corrections sole source contracts) for placements of adjudicated youth, the number of programs and students that will be paid for under provisions of this bill could increase substantially.
2. The bill does not include provisions for a rate matrix to ensure that revenue from one state agency will be used to offset payments by another state agency or district court.